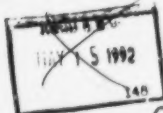


Q-34804

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q



(X) Quarterly Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the quarter ended March 31, 1992

or

() Transition Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the transition period from _____ to _____

Commission File No. 0-1984

INSURANCE INVESTORS & HOLDING CO.

(Exact name of registrant as specified in its charter)

ILLINOIS

(State of other jurisdiction of
incorporation or organization)

37-0858627

(I.R.S. Employer
Identification No.)

2512 N. Knoxville Ave., Peoria, Illinois
(Address of principal executive offices)

61604-3697
(Zip Code)

309-685-7661

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days. Yes X No _____

As of the close of the period covered by this report, the number of
shares outstanding of the registrant's Class A, Common Stock was 807,649 and
registrant's Class B, Common Stock was 472,423.

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INSURANCE INVESTORS & HOLDING CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

ASSETS	March 31, 1992	December 31, 1991
Investments	\$ 2,277,624	\$ 2,383,746
Cash	176,892	99,252
Accrued investment income	38,851	38,458
Deferred acquisition costs	69,327	71,826
Furniture & equipment, at cost less accumulated depreciation of \$107,933 in 1992 and \$106,367 in 1991	6,119	6,814
Other assets	<u>5,775</u>	<u>7,881</u>
Total assets	<u>\$ 2,574,588</u>	<u>\$ 2,609,977</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Future and other life policy benefits	\$ 762,930	\$ 752,378
Deferred premium reserve	68,704	69,729
Policyholders' funds	351,127	366,733
Other liabilities	24,532	12,693
Minority interest	96,979	98,950
Notes Payable to Bank	<u>75,000</u>	<u>75,000</u>
Total liabilities	<u>1,379,272</u>	<u>1,375,483</u>
Stockholders' equity:		
Capital stock:		
Class A, common	819,249	819,249
Class B, common	47,242	47,242
Paid-in capital	576,347	576,347
Net unrealized depreciation of investments	(27,370)	(29,463)
Retained earnings (deficit)	<u>(210,727)</u>	<u>(169,456)</u>
	1,206,741	1,243,919
Treasury stock, at cost	<u>(9,425)</u>	<u>(9,425)</u>
Total Stockholders' equity	<u>1,195,316</u>	<u>1,234,494</u>
Total liabilities and stockholders' equity	<u>\$ 2,574,588</u>	<u>\$ 2,609,977</u>

See accompanying notes to consolidated financial statements

INSURANCE INVESTORS & HOLDING CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Month	
	Periods Ended	
	March 31, 1992	March 31, 1991
Revenue:		
Life insurance premiums	\$ 21,140	\$ 20,785
Net investment income	38,939	38,322
Realized investment gains	<u>1,513</u>	<u>-0-</u>
Total Revenue	61,642	59,107
Benefits and expenses:		
Policy benefits:		
Death and other policy benefits	28,783	20,035
Endowments to policyholders	3,161	2,221
Dividends to policyholders	5,110	3,896
Decrease in future life policy benefits	(1,065)	(10,556)
Amortization of deferred acquisition costs	3,643	1,562
Provision for deferred premium	(1,025)	(961)
General insurance expenses	62,271	57,168
Taxes, licenses and fees	<u>4,148</u>	<u>3,501</u>
Total benefits and expenses	<u>105,026</u>	<u>76,866</u>
Loss from operations before income taxes and minority interest	(43,384)	(17,759)
Income taxes	<u>-0-</u>	<u>-0-</u>
Loss before minority interest	(43,384)	(17,759)
Minority interest in loss of subsidiary	<u>2,113</u>	<u>1,152</u>
Net loss	<u>\$ (41,271)</u>	<u>\$ (16,607)</u>
Net loss per share	<u>\$ (.032)</u>	<u>\$ (.013)</u>
Cash dividends per share	None	None
Weighted average number of common shares outstanding	<u>1,280,072</u>	<u>1,280,072</u>

Unrealized appreciation of \$2,093 and \$25,195 for the three months ended March 31, 1992 and 1991, respectively, are reflected directly in a separate account of stockholders' equity. Cumulative gross unrealized gains were \$11,874 and cumulative losses were \$39,244 at March 31, 1992.

See accompanying notes to
consolidated financial statements

INSURANCE INVESTORS & HOLDING CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Month Periods Ended	
	March 31, 1992	March 31, 1991
Cash flows from operating activities:		
Net loss	\$ (41,271)	\$ (16,607)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	696	662
Change in:		
Accrued investment income	(393)	(7,520)
Deferred Acquisition Costs	2,499	2,353
Other Assets	2,106	-0-
Future life policy benefits	10,552	(10,556)
Deferred premium reserve	(1,025)	(961)
Policyholders' funds	(15,606)	(18,130)
Other liabilities	11,839	6,859
Minority interest	(2,113)	1,152
Total adjustments	8,555	(28,445)
Net cash used by operating activities	(32,716)	(45,052)
Cash flows from investing activities:		
Proceeds from maturity of investments	229,941	37,457
Purchase of investments	(119,585)	(98,186)
Net cash provided (used) by investing activities	110,356	(60,729)
Net increase (decrease) in cash	77,640	(105,781)
Cash at beginning of year	99,252	173,436
Cash at end of period	\$ 176,892	\$ 67,655

See accompanying notes to consolidated financial statements

INSURANCE INVESTORS & HOLDING CO. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles and such principles were applied on a basis consistent with those reflected in the 1991 annual report filed with the Securities and Exchange Commission.

The information furnished herein is unaudited and includes all adjustments and accruals consisting only of normal recurring adjustments which are, in the opinion of management, necessary for a fair statement of results for the interim periods.

2. Earnings per common share are computed on the basis of the weighted average number of common "A" and "B" shares outstanding during each period.
3. The accompanying financial data should be read in conjunction with the notes to the consolidated financial statements contained in the 1991 Form 10-K Annual Report.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations.

Consolidated Results of Operations.

Premium income for the first quarter of 1992 increased by \$405 from premium income in the first quarter of 1991. The increase was unusual as there were no new sales during the first quarter. The increase came from policyholders electing options in their policies which increased their premiums and lower policy lapses during the intervening period. The Company does not have any products qualified for sale under the changed life insurance reserve law. Funds for product revision have been severely limited by increased death claims and the cost of the varied government reporting requirements which keep general expenses high in relation to the Company's size.

Net investment income was up \$617 as the funds from redeemed and matured low yield bonds during the intervening period were re-invested at higher rates. The realized investment gain of \$1,513 came from early bond calls.

Life policy benefit expense increased \$8,748 primarily from a \$16,003 increase in death claims. The full effect of increased death claims was reduced by a decrease in cash surrenders. Since the Company is not selling policies with dividends or annual endowments, changes in these policy benefits were the result of annual payments as well as individual requests to withdraw past accumulations of these benefits. Because individual policy dividends increase annually and annual endowments are a fixed amount, they may occasionally show a contradictory change.

The provision required for future life policy benefits also reflected a lower rate of cash surrenders and was up \$9,461. Amortization of deferred acquisition cost increased as the election of policy options by policyholders increased commission expense during the period. The provision for deferred premium reserve was down from the aging of policies between the periods.

General expenses were up \$5,103 as a result of increases in depreciation and interest expense, and the purchase of computer software. Taxes, licenses and fees increased from changes in regulatory fee schedules.

Liquidity and Capital Resources.

During the past period, liquidity requirements were met by funds from premium income, interest income, and bond maturities and redemptions. The frequency of request for cash surrenders can be influenced by changing economics and death claims can fluctuate greatly in short periods of time. Although the Company maintains a substantial amount of liquidity in interest earning cash accounts and short-term investments, and anticipates receiving over \$300,000 from bonds called or maturing in 1992, the requirement to maintain \$1,200,000 of capital and surplus in the life subsidiary has imposed severe limits on the use of these funds.

INSURANCE INVESTORS & HOLDING CO. AND SUBSIDIARIES

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations. (continued)

The amount of bond calls and redemptions increased during the first quarter reducing investments but increasing cash. Some funds were used to meet policy obligations and general expenses. The Company's bond investments have always been limited to investment grade bonds, but in the intervening years, five bonds have been reduced by Moody's Investment Service to a rating of Ba 1 or lower. These five bonds represent less than 3% of total assets and are current with interest payments. The Company has no direct investments in mortgages or real estate. The change in accrued investment income was due to timing differences in bond interest payments. The increase in future and other life policy benefits is the result of an \$11,617 accrued death claim. Deferred premium reserve and acquisition costs decreased because of the aging of old business and lack of new business. The increase in other liabilities was due to timing differences in accrued general expenses and interest expense.

The Illinois Legislature established \$1,200,000 as the minimum statutory capital and surplus for an Illinois domiciled life insurance company after December 31, 1990. On December 31, 1995, the requirement increases to \$1,500,000 combined capital and surplus. The normal "grandfather" provisions were not allowed which means the life insurance subsidiary is required to meet these scheduled increases. At the end of the current period, the Company's life subsidiary reported a statutory capital and surplus of \$1,206,202. In addition, the liquidity of the life insurance subsidiary is not available to the Company to apply to its \$75,000 of loans due in December of 1992. The Company's ability to secure an extension of part or all of its present loans may have been handicapped by changes in the independent auditors' 1991 opinion. The Company is exploring options for providing additional capital.

The Company's ability to allocate funds to product development has been extremely limited. Increased death claims, the costly burden of maintaining two complex accounting systems and legislated increase in the statutory capital and surplus requirements of the Company's subsidiary have been the leading constraints. In 1989, policy revision was limited to programming the Company's small computer to print the revised Decreasing Term Life policy. Since then, funds have not been available for additional policy revision work.

PART II - OTHER INFORMATION

Items other than those listed are omitted because they are not required.

Item 6(b). The Company was not required to file any reports on Form 8K during the quarter ended March 31, 1991.

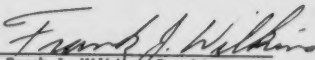
INSURANCE INVESTORS & HOLDING CO. AND SUBSIDIARIES

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INSURANCE INVESTORS & HOLDING CO.
(Registrant)

Date May 14, 1992



Frank J. Wilkins, President and
Chief Accounting Officer